

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD A BUDGET WORK SESSION MEETING ON TUESDAY, FEBRUARY 28 2012, AT 5:30 P.M., IN THE BOARD OF SUPERVISORS MEETING ROOM LOCATED IN THE GOVERNMENT CENTER, 1255 FRANKLIN STREET, SUITE 104, ROCKY MOUNT, VIRGINIA.

THERE WERE PRESENT: David Cundiff, Chairman
Leland Mitchell, Vice-Chairman
Bob Camicia
Ronnie Thompson
Charles Wagner
Cline Brubaker
Bobby Thompson

OTHERS PRESENT: Richard E. Huff, II, County Administrator
Christopher Whitlow, Asst. Co. Administrator
Larry Moore, Asst. Co. Administrator
B. J. Jefferson, County Attorney
Sharon K. Tudor, MMC, Clerk

Chairman Cundiff, called the meeting to order.

Richard E. Huff, II, County Administrator, presented the following budget information for the Board's review and consideration:

FREQUENTLY ASKED QUESTIONS...

- 1) How much of the total budget does the County Operating Budget represent? – *Approximately 30%*
- 2) How much of the total budget does the Schools Budget represent? – *Approximately 64%*
- 3) Can the County's contribution for retirement benefits be reduced? *Currently, employees hired after July 1, 2010 for the County must pay 5% of their retirement contribution leaving 9.15% for the County to pay. The Schools did not choose that option so they are paying 11.33% for all employees today. The rate for existing employees for the County is currently 14.15%. The legislature has not given the County authority to increase the employee's share for existing employees yet. It is under consideration in the current General Assembly session. Projected pension rates for FY 12-13 are as follows pending any changes from Richmond:*
Schools: Increase from 11.33% to 16.66% \$1.87 Million
County: Increase from 14.15% to 17.31% \$.37 Million
- 4) Why Do Across the Board Cuts Not Work? *Many line items are mostly mandated and cannot be reduced by an across the board cut. These items are big ticket items and represent substantial sums in the County portion of the budget. Such items include:*
 - a. *Regional Jail - \$2.5 million*
 - b. *Juvenile Detention - \$398,637*
 - c. *Comprehensive Services - \$4.5 million*
 - d. *Social Services -\$5.6 million*
 - e. *Constitutional Offices - \$10.6 million*
 - f. *Electoral Board and Voter Registrar - \$248,306*
 - g. *Reassessment Expenses - \$150,000*
 - h. *Risk Management (Liability, Property, and Workers Comp Insurances) - \$352,210*
 - i. *Landfill Services - \$1.5million*
- 5) How Much of our Social Services Budget is not Mandatory? *Foster Care Prevention is the only non-mandated program in Social Services and this program saves Comprehensive Services Act funds for the County. In local dollars, it represents \$126,000 which is roughly 10 children being kept out of foster care.*

- 6) When did employees last receive a raise in salary? *July, 2008.* Why is it a problem to continue freezing salaries? *In addition to employees having to cover gas, electricity, and food increases in their personal budgets with no increase in salary, but new employees are being hired making the same entry level salary as employees hired four years ago causing compressed salaries for those with experience.*
- 7) Why aren't we cutting staff this fiscal year? *We have cut a total of 8 County positions since FY07-08 excluding constitutional offices.*
- 8) What other operational expenses have been reduced since FY08-09?
 - a. *Office Supplies – 28% reduction*
 - b. *Professional Services – 24% reduction*
 - c. *Uniforms – 36% reduction*
 - d. *Travel/Training- 58% reduction*
 - e. *Office Furniture, replacement machinery and equipment – 69% reduction*

Scenario 1: Real Estate Tax Rate Is Equalized at 57 cents

What does 57 cents do for us?

Level funds Total Real Estate Revenue to the County - no new Real Estate Revenues

County wide, on average, a "No Tax Increase" Scenario (revenue neutral)

Level funds Local School Funding and School Debt Service

Level funds School and County Capital

Level funds County Debt Service - captures recurring debt service decline

Assumes Schools Absorb VRS Changes and Loss of Federal Stimulus Funds

Assumes Schools Absorb Utility/Fuel Rate Increases

Assumes Schools Do Not Provide any Personnel Increases, Health Insurance, or One Time Cost of Living Payments

Assumes County Absorbs VRS Changes

Assumes County Absorbs Utility/Fuel Rate Increases

Assumes County does not fund any new positions, programs, major line-item increases or add'l

fuel/utility/health insurance reserves

Assumes County Does not Provide any Personnel Increases, Health Insurance, or One Time Cost of Living Payments

Scenario 2: Real Estate Tax Rate Is Set at 55 cents

All Assumptions in Scenario 1 are implemented

Reduces Real Estate Collections from FY11-12 Current Levels Shown in Scenario 1 by *\$1,230,606*

How should this revenue shortfall be allocated between the County and Schools?

Scenario 3: Real Estate Tax Rate Is Set at 53 cents

All Assumptions in Scenario 1 are implemented

Reduces Real Estate Collections from FY11-12 Current Levels Shown in Scenario 1 by *\$2,461,212*

How should this revenue shortfall be allocated between the County and Schools?

Scenario 4: Real Estate Tax Rate Is Set at 50 cents

All Assumptions in Scenario 1 are implemented

Reduces Real Estate Collections from FY11-12 Current Levels Shown in Scenario 1 by *\$4,307,121*

How should this revenue shortfall be allocated between the County and Schools?

Scenario 5: Real Estate Tax Rate Remains at 48 cents

All Assumptions in Scenario 1 are implemented

Reduces Real Estate Collections from FY11-12 Current Levels Shown in Scenario 1 by *\$5,537,727*

How should this revenue shortfall be allocated between the County and Schools?

**Service Reduction & Revenue Enhancement Possibilities
February 28, 2012**

County Side of Budget – Service Reductions

- Is Economic Development funding on the table for cuts (\$400,000)?
- Is the programming at The Franklin Center for job training and economic development open for cuts? (Cuts in Hours Available to the Public/Education Partners)
- Is a cut to operational hours at either Library an option? (Additional hours have been requested)
- Is eliminating youth recreational sports for fall, winter and/or spring an option? (Would eliminate referees, scorers, gym supervisors, etc.)
- Is eliminating one or more Fire/EMS paid crews an option? (we have 3 - 12 hours crews and 1 – 24 hour crew)
- Is reducing County support to volunteer fire and rescue agencies an option?
- Is reducing locally funded Deputies an option? (12/75)
- Is reducing locally funded 911 Dispatchers an option? (Only 5/15 are partially state funded)
- Is further reducing service levels to contractors and developers/builders an option? (Reducing inspection/plan review staff)
- Is reducing foster care prevention staff (only non-mandated) an option?
- Is a further reduction to Community Organizations an option?
- Is consolidation of green boxes in outlying areas an option?
- Is a pay increase still on the table to be considered? 3% onetime bonus for County employees = \$420,711.00 / 1% salary increase for County employees = \$164,207.00) Does not include schools.
- Is a reduction in current benefits for employees an option? i.e., reducing county contribution for dental insurance, health insurance, reduced health/dental insurance coverage, deductibles, out of pocket, etc.

- Is a reduction in employee take home pay an option? Retirement, insurance, salary, furlough days, etc...
- Is covering a portion of projected health insurance premium increase an option? Possible 10% premium increase = \$215,100.00
- Is reducing the local transfer to capital for County /School an option? (\$648,151 of \$880,000 School CIP committed on 2/21/12 leaving \$231,849 for other capital/balance of financing proposal from Schools plus \$340,000 for School Buses. County transfer to CIP is \$ 2,015,501.

On the Revenue Side...

- Is the Board willing to look at:
 - Youth Recreational Fees
 - Additional Animal Control Fees
 - Additional Tipping Fees
 - Additional Public Library Fees
 - Additional Room Rental Rate Fees at The Franklin Center/Library
 - Billing for Fire/EMS responses to DUI related Accident Fees
 - Eliminating the Amnesty on Real Estate interest
 - Eliminating the Tax Relief for the Elderly and Handicapped
 - Personal Property Tax increase
 - Real Estate Tax increase
 - Machinery & Tools Tax increase
- Is closing one or both of the Canneries an option? (Local dollars=\$32,986)

Let's assume the cuts and revenue enhancement are not sufficient to balance the budget, how does staff allocate the balance of the short fall to the Schools vs County???

FRANKLIN COUNTY FY 2012-2013 BUDGET WORKSHEET

Revenue Enhancements		Enter "X" to add to adjusted total amount	Expenditure Reductions	
Description	Amount		Description	Amount
County budgets higher tax collection percentage (from 95.5% to 96%)	\$ 569,396.00 <input type="checkbox"/>	<div>Starting Amount Out Of Balance: (10,800,000.00)</div> <div>Adjusted Amount with changes: \$ (10,800,000.00)</div>	County absorbs VRS change of \$ 491,473, Utility/fuel rate increases of \$-67,000 and no new positions, programs, and no fuel/utility reserves of \$-1,000,000	\$ 1,558,473.00 <input type="checkbox"/>
Increase room rental rates (50%) at Franklin Center (to \$50/\$100 & \$100/\$200)	\$ 23,150.00 <input type="checkbox"/>		Schools absorb VRS change of \$-2,394,411, loss of Federal Stimulus funds of \$-1,615,903, Utility / fuel rate increase of \$-216,346, and Increase in State revenues of \$1,092,256	\$ 3,134,404.00 <input type="checkbox"/>
Parks & Rec. Athletic Fees - \$20 each (No sliding scale)	\$ 80,000.00 <input type="checkbox"/>		Eliminate 1 locally funded Constitutional Position (# of positions in each office - Clerk of Ct = 2, Comm. Attorney = 0, Treasure = 2, Comm. Of Rev. = 4, Sheriff/E911 = 23) Average Sal. + Benefits	\$ 45,000.00 <input type="checkbox"/>
Increase Landfill Tipping fees by \$2.00 (current tipping fee - \$32.00)	\$ 50,000.00 <input type="checkbox"/>		Eliminate Paramedic Crew at Fork Mountain Rescue	\$ 89,051.75 <input type="checkbox"/>
Increase Landfill Tipping fees by \$5.00 (current tipping fee - \$32.00)	\$ 125,000.00 <input type="checkbox"/>		Eliminate Paramedic Crew at Glade Hill Rescue	\$ 89,051.75 <input type="checkbox"/>
Increase Landfill Tipping fees by \$8.00 (current tipping fee - \$32.00)	\$ 200,000.00 <input type="checkbox"/>		Eliminate Paramedic Crew at Glade Hill Rescue	\$ 89,051.75 <input type="checkbox"/>
Bill for Fire/EMS responses to DUI related accidents	\$ 40,000.00 <input type="checkbox"/>		Eliminate Paramedic Crew at Franklin County Rescue	\$ 89,051.75 <input type="checkbox"/>
Increase all Dog Tags to \$10.00	\$ 29,000.00 <input type="checkbox"/>		Eliminate Paramedic Crew at Westlake Substation	\$ 121,451.79 <input type="checkbox"/>
Increase Adoption Fees at Animal Shelter from \$10.00 to \$25.00	\$ 7,403.00 <input type="checkbox"/>		Reduce Library hours at Main (10 hrs per week) & Branch (7.5 hrs per week)	\$ 34,967.00 <input type="checkbox"/>
Add Library Room Rental Fees (\$25.00)	\$ 14,450.00 <input type="checkbox"/>		Close Branch Library at Westlake (lease expires 2018)	\$ 150,000.00 <input type="checkbox"/>
Increase Library late fees (books from .05 to .10 and DVD from .50 to 6.00)	\$ 30,000.00 <input type="checkbox"/>		Eliminate youth sport season for Fall	\$ 14,602.18 <input type="checkbox"/>
Reinstate SML Beach access fee \$3.00	\$ 12,000.00 <input type="checkbox"/>		Eliminate youth sport season for Spring	\$ 32,228.32 <input type="checkbox"/>
Increase Vehicle License Fee from \$25.00 to \$30.00	\$ 200,000.00 <input type="checkbox"/>		Close SML Park Beach	\$ 28,586.00 <input type="checkbox"/>
Increase Vehicle License Fee from \$25.00 to \$35.00	\$ 400,000.00 <input type="checkbox"/>		Close Westlake Public Safety Station (annual building rent)	\$ 26,010.00 <input type="checkbox"/>
Eliminate Amnesty on Real Estate interest	\$ 67,000.00 <input type="checkbox"/>		Close Westlake Sheriff Substation (annual building rent)	\$ 15,321.96 <input type="checkbox"/>
Eliminate Tax Relief for Elderly and Handicap	\$ 88,575.88 <input type="checkbox"/>		Eliminate High School EMT class (Layoff staff Instructor at High School)	\$ 56,000.00 <input type="checkbox"/>
Additional 5¢ - Machinery & Tools Tax	\$ 43,710.00 <input type="checkbox"/>		Reduce Volunteer training	\$ 7,250.00 <input type="checkbox"/>
Additional 10¢ - Machinery & Tools Tax	\$ 87,420.00 <input type="checkbox"/>		Eliminate Job Creation Fund	\$ 400,000.00 <input type="checkbox"/>
Additional 15¢ - Machinery & Tools Tax	\$ 131,130.00 <input type="checkbox"/>		Eliminate Roanoke Valley Alleghany Regional Com. Membership	\$ 36,482.00 <input type="checkbox"/>
Additional 15¢ - Personal Property	\$ 640,125.00 <input type="checkbox"/>		Eliminate West Piedmont Plan Dist. Membership (would	
Additional 30¢ - Personal Property	\$ 1,280,250.00 <input type="checkbox"/>			
Additional 1¢ - Real Estate Tax	\$ 615,303.00 <input type="checkbox"/>			

Additional 1¢ - Real Estate Tax	\$ 615,303.00	<input type="checkbox"/>	require DHCD and EDA approval for current service level)	\$ 22,321.00	<input type="checkbox"/>
Additional 1¢ - Real Estate Tax	\$ 615,303.00	<input type="checkbox"/>	Furlough 1 day for County employees (Include Law Enforcement & Public Safety?)	\$ 39,000.00	<input type="checkbox"/>
Additional 1¢ - Real Estate Tax	\$ 615,303.00	<input type="checkbox"/>	Add Agriculture Director position	\$ (97,000.00)	<input type="checkbox"/>
Additional 1¢ - Real Estate Tax	\$ 615,303.00	<input type="checkbox"/>	Add Economic Director position	\$ (107,000.00)	<input type="checkbox"/>
Additional 1¢ - Real Estate Tax	\$ 615,303.00	<input type="checkbox"/>	Add 3% one time bonus for County employees	\$ (420,711.00)	<input type="checkbox"/>
Additional 1¢ - Real Estate Tax	\$ 615,303.00	<input type="checkbox"/>	Add 1% salary increase for County employees	\$ (164,207.00)	<input type="checkbox"/>
Additional 1¢ - Real Estate Tax	\$ 615,303.00	<input type="checkbox"/>	Pass back Dental Insurance to County employees	\$ 145,846.08	<input type="checkbox"/>
Additional 1¢ - Real Estate Tax	\$ 615,303.00	<input type="checkbox"/>	Health Insurance-10% premium increase / maintaining same % split between Co. & employee	\$ (215,100.00)	<input type="checkbox"/>
		<input type="checkbox"/>	Pass back 1% Health Insurance to employees	\$ 42,508.00	<input type="checkbox"/>
		<input type="checkbox"/>	Reduce Local Operational transfer to Schools by 5%	\$ 1,381,495.00	<input type="checkbox"/>
		<input type="checkbox"/>	Reduce Local Operational transfer to Schools by 8%	\$ 2,210,393.00	<input type="checkbox"/>
		<input type="checkbox"/>	Reduce Local Operational transfer to Schools by 10%	\$ 2,762,991.00	<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>
	\$ -			\$ -	

January 17, 2012
Franklin County Board of Supervisors
Budget Work Session Priorities

- Tax Collection Models
 - ✓ *Staff examined the County’s recently installed tax system. Automatic drafts (i.e. quarterly / monthly) are not available. The Citizen Tax Portal currently being developed can be programmed to accept e-check (ACH) payments which can be made anytime. There are costs for setting up and accepting these payments which*

can be presented to the BOS if interested in pursuing this option. The Citizen Tax Portal is expected to be ready to go live within 16 weeks of BOS approval to proceed and direction on ACH acceptance.

- Land Use Program Impact
 - ✓ *Staff provided the Board an analysis at the Jan. 24th work session.*
- Eliminate County Decals
 - ✓ *The County Treasurer provided the Board an analysis / recommendation at the February 21st meeting for an amendment to County Ordinance. BOS decision was to plan for a December, 2013 implementation.*
- Central Procurement Analysis
 - ✓ *Staff is collecting organizational structure, salary & related job description information from surrounding localities for a Procurement position. Potential savings will be analyzed in the coming months jointly with the schools after the budget is completed.*
- Community Budget Meetings
 - ✓ *As with previous budgets, staff is prepared to hold meetings at the Board's discretion.*
- Compaction Sites Savings
 - ✓ *Analysis completed and initially presented to the Board during an August, 2008 work session. Future implementation still feasible. A review of the prior presentation can be scheduled at the Board's discretion.*
- Financing Existing Services with Existing Revenues
 - ✓ *The budget team is working diligently to address the decline of state revenues. Providing the same service levels will be challenging. A "structurally balanced" budget using recurring revenues for recurring expenses is planned.*
- Public Information – Loss of Federal & State Funding
 - ✓ *Interactive budget website launched in December. Continuous updates regarding devolution of state funding / services. More info will be provided as part of the budget presentation.*
- Support of Volunteers
 - ✓ *Franklin County is a leader in the level of support provided for volunteer fire/rescue agencies. Capital & Operational support (i.e. apparatus-equipment-gear replacement, training, fuel, utilities, supplies, stipends, etc.) are proposed to be maintained.*
- Maintain Strong Education System
 - ✓ *Franklin County Public Schools are supported in funding above the state minimum requirements. (FY11-12 estimated at \$ 9,626,954).*
 - ✓ *The Franklin Center (GED, Higher Education, Training- LPN, etc.) is also a priority for education support.*
- Maximize County Facility Spaces
 - ✓ *Staff is updating space allocation analysis. CSA office space recently consolidated with Social Services. A committee of Judges and Constitutional Officers is reviewing a draft recommendation that will be forwarded to the Board regarding the former County Admin. Building and vacant space in the Courthouse.*
- New Voting Machine Requirements
 - ✓ *Staff working with the Registrar for Capital funding support to be phased over next few years to meet necessary replacement requirements.*
- Employee Compensation
 - Incentive for Savings, Ideas
 - ✓ *Staff has collected information and is evaluating such programs.*
 - Performance Based Reviews
 - ✓ *Further information desired based on funding available for merit based pay system.*
 - Pay Scale Restructure

- ✓ *The last market based pay study was completed in 2006 and should be updated.*
- Infrastructure
 - Industrial Parks, Gas Line
 - ✓ *Economic Development Advisory Committee (EDAC) efforts are underway. Natural gas line remains a top priority as a grant funded, Comprehensive Economic Development Strategy (CEDS). Policy decision may be required as to spending \$8-10 million in local funds with no significant end user in place in hopes of attracting such a business if grant funds are not available. Limited industrial / business sites are also recognized.*
- School Facilities – Alternative Uses
 - Recreation, Arts, Music
 - ✓ *Alternative uses of school facilities currently exercised on a limited basis (i.e. recreational sports practices at elementary schools, music concerts at high school auditorium). More discussion with the Schools will be needed here.*
- Glade Hill Fire Station
 - ✓ *Preliminary station plan and funding strategy presented to Board during July, 2011 work session. Use of a debt service drop strategy in play for 2012-2013 as reviewed on February 21, 2012 with the Board.*
- Westlake Fire Station
 - ✓ *Preliminary station plan and funding strategy presented to Board during July, 2011 work session. Use of a debt service drop strategy in play for 2012-2013 as reviewed on February 21, 2012 with the Board.*
- Arts & Music Tourism Plan
 - ✓ *Continued support of Round the Mountain Artisan Trail and Crooked Road efforts with their integration into the County's marketing activities and publications. Further planning and collaboration with the Town of Rocky Mount needed.*
- Recreation Needs Study
 - Parks – Fields Distance Concern
 - ✓ *County Parks & Recreation Master Plan presented to the Board in an August, 2009 work session. Previously committed park land donations such as Lakewatch identified.*
- Economic Development
 - Full Time Funded Position
 - ✓ *Staff has collected regional market salary information.*
 - Existing Business Programs
 - ✓ *Economic Development Advisory Committee (EDAC) efforts underway.*
 - Agriculture Director
 - ✓ *Staff is collecting organizational structure, salary & related job description information from various Virginia localities as shared by Dr. Martha Walker, VPI Extension.*

General discussion ensued.

Chairman Cundiff adjourned the meeting until Thursday, March 8, 2012 @ 5:30 P.M. at the Government Center, BOS Meeting Room.